

A taxing situation

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Officials keeping tabs on property tax delinquencies

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Thoughts about the sustained economic downturn are always on Lake County Treasurer John S. Crocker's mind as his office keeps tabs on delinquent property tax

accounts.

As of July 9, the county was owed \$15,224,224.50 in property taxes from accounts that have been delinquent for two years or longer.

For delinquencies of two or more years, the collection process continues when those delinquencies

are certified by the Treasurer's office and sent to the office of Lake County Prosecuting Attorney Charles E. Coulson.

"We have to follow Ohio Revised Code, but we try to be humane in the collection process," Crocker

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said. "These are tough times and people are having difficulties."

Including accounts that are delinquent two years or less, the county is owed \$30,688,143.93 in property taxes. Lake County's total tax revenue in 2011 is projected to be about \$340 million.

According to figures provided by the Treasurer's Office, there are property tax delinquencies on 3,234 of 109,413 taxable parcels in Lake County.

And with the July 20 deadline for payment of the second and final installment of the county's 2011 property taxes having just passed, the numbers of delinquent accounts and the dollar figures for delinquencies could rise.

"The totals are higher than I would like, obviously, but with this economy, they aren't outrageously high," Crocker said.

"In this day and age, any business would love to have 8 percent of bad debt against receivables."

Amounts owed for property tax delinquencies in Lake County range from just a few dollars to \$4,072,450.33 for FirstEnergy Generating Corp.'s nuclear power plant in North Perry Village.

There also is a delinquent tax bill of \$2,564,545.51 for FirstEnergy's coal-burning power plant in Eastlake.

FirstEnergy has exercised its right to challenge the tax valuations

for both properties.

The company and Lake County recently reached an agreement on the valuation of the North Perry plant. The company, in front of the county Board of Revision, made its case for lowering the total valuation from the county's initial assessment of \$225,273,020 to a reported \$187 million. Property tax is levied against 35 percent of the total valuation.

In all Ohio counties, the Board of Revision is the first venue for appealing valuations for property taxes. Sitting on the board are representatives of the county auditor, treasurer and commissioners as well as the affected school district.

If the company or individual isn't satisfied with the finding of the Board of Revision, a second appeal may be made to either the county Common Pleas Court or to the Ohio Board of Tax Appeals in Columbus.

"Like any other taxpayer, we have the right to challenge a property assessment we think is too high," said FirstEnergy spokesman Mark Durbin.

Durbin said negotiations on the Eastlake plant are not proceeding as smoothly as did those for the Perry plant.

The county's valuation of the Eastlake plant is \$136 million total with \$47.6 million taxable. FirstEnergy argues that the total value should be \$97.5 million.

"We are protecting our interests and pursuing this with the Board of Tax Appeals," Durbin said. "There

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is always the hope a settlement will be reached before we head to Columbus."

Durbin was quick to add that during these negotiations, FirstEnergy has been paying its Lake County property taxes at the values it regards as fair for the two power plants.

The final amounts owed are adjusted according to agreements reached during the appeals processes.

"It's not that we think we don't have to pay property taxes. We do. But we only want to pay the proper amounts," Durbin said.

As of July 9, 403 of the county's 3,234 delinquent property tax accounts were parcels owned by Mentor-based developer Richard M. Osborne and his family's various companies. The total delinquency is \$3,569,112.90, with \$1,985,344.50 two or more years delinquent.

Attempts to reach Richard M. Osborne for comment on the property tax delinquencies were unsuccessful.

Lake County Deputy Treasurer Lori Painter oversees the record-keeping for delinquent property taxes.

"Prior to 2008, he was current on property tax payments," Painter said of Richard M. Osborne. "It's scary when you see someone that big fall behind."

Based on conversations she has with people who have fallen behind on payment of property taxes, Painter said that in most cases the delinquencies are linked to the downturn in the economy.

"Every day, I hear about job losses and trying to keep up with mortgage payments," Painter said. "We see delinquencies in newer developments, older homes and in commercial properties. It's quite frightening."

The same economic forces that have fueled a sharp upturn in the number of real-estate foreclosures in Lake County since 2001 are in play when considering non-payment or delayed payment of property taxes.

In 2001, the Lake County Sheriff's Office supervised sheriff's sales on 493 foreclosures. There were 1,499 sheriff's sales on foreclosures in 2010. Sheriff's sales take place at 10 a.m. Mondays in the Common Pleas Court in Painesville.

"It's been a very clear picture. I told my staff five years ago, the economy is in big trouble," Lake County Sheriff Daniel A. Dunlap said.

Shannon Gandolf, a civilian employee of the Sheriff's Office who oversees the sheriff's sales, said about 10 percent of the sales are for delinquent property taxes.

Not all proceedings with delinquent property taxes have unhappy endings.

Until last week, the Cornerstone Evangelical Friends Church in Madison Township had an outstanding bill of \$36,319.19. Pastor Mike Winner picks up the story from there.

"The short version is, we had to re-apply for our tax exemption when we put a \$2.3 million addition on our main building in 2009," Winner said.

"It's a procedure that can take anywhere from two years to four years to complete. We just got a letter from the county Auditor telling us our exemption has been restored and the bill has been wiped out."

"It didn't weigh on my mind at all because of the rights churches have in this country. Our treasurer on the other hand, was quite concerned," Winner added, chuckling.

In Lake County, about 65 percent of revenue generated by property taxes goes into the coffers of public schools.

"While the county certainly has done a good job of collecting delinquent property taxes, in this economy, we'd be better off with any additional revenue," said Cliff Reinhardt, treasurer of Willoughby-Eastlake Schools.

Crocker said he stands by the county's record of collecting delinquent property taxes.

"The process works, no question about it," Crocker said. "It may take a few years, but eventually, we get the money."